



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 24, 2016

CERTIFIED RETURN RECEIPT
7015 0640 0001 4528 8335

Wayne McCandless
Nielson Construction
P. O. Box 620
Huntington, Utah 84528

Subject: Notice of Cancellation/Termination of Reclamation Surety, Bond Number
Nielson Construction, Nielson Construction Limestone Mine, S/049/0052, Utah
County, Utah

Dear Mr. McCandless:

The Division of Oil, Gas and Mining (Division) was notified that the surety bond for the Nielson Limestone mine, permit number S/049/0052, was cancelled effective August 16, 2016, or "... the earliest effective date which is in compliance with the provisions of the bond." The earliest effective date in compliance with the provisions of the bond is November 21, 2016, 90 days from the Division's receipt of the cancellation notice.

The Division received a replacement surety bond which names "Staker and Parsons Companies dba Nielson Construction and Materials" as the principal. **This bond is not acceptable. The mine operator is Nielson Construction, and the bond must be in the name of the operator.**

The Division has also been notified that Staker Parson Companies has acquired the assets of Nielson Construction; nevertheless, the operator for the Nielson Limestone mine remains Nielson Construction.

If you desire to transfer the mine to Staker Parson Companies or another entity, please submit a transfer application which is available on the Division's web site. The Division must also receive a replacement reclamation contract and a reclamation surety in the name of the new operator.

Without an acceptable replacement reclamation surety, the Division must proceed as if the surety bond is being cancelled. Paragraph 5 of the Reclamation Contract, states the operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the



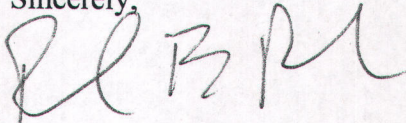
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cancellation/termination notice. If you fail to provide a replacement surety by October 22, 2016, the Division will be forced to do any/some of the following:

- Carry out the terms of surety bond number [REDACTED]
- Submit a request to the Board of Oil, Gas and Mining to withdraw the permit
- Order the cessation of mining operations
- Order immediate reclamation of all lands affected

If you have questions or require assistance regarding the surety, please contact Penny Berry 801-538-5291 or by email at pennyberry@utah.gov. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker', written over a horizontal line.

Paul Baker
Minerals Program Manager

PBB:pb

Cc: Liberty Mutual Insurance Company

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